

DEPARTMENT OF TRANSPORTATION

MARITIME ADMINISTRATION

STATEMENT OF

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ON

S. 2965, PORT AND MARITIME SECURITY ACT OF 2000

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INTRODUCTION

Good morning Mr. Chairman and members of the Committee. I am Clyde Hart, Maritime Administrator. I am happy to be here today to address the important issue of port security and to discuss S. 2965, the Port and Maritime Security Act of 2000. As everyone here knows Mr. Chairman, our seaports are among the most vital pieces of real estate this country has—both in terms of economics and national security. Any hindrance of the flow of cargoes to or from our shores, whether they be commercial or military cargoes, could have dire consequences.

Worldwide, ships and the cargoes they carry are being increasingly targeted by criminal factions that specialize in alien smuggling, cargo theft, drug smuggling and terrorist activities. Simply put, security weaknesses in and around our ports allow these activities to continue. The associated costs reduce competitiveness and threaten military readiness.

In our view, Government partnering with industry to remove those weaknesses, while at the same time maintaining or improving upon the efficiencies for the movement of cargo, is the basic premise upon which all port security measures should be viewed. The Maritime Administration (MARAD) is highly qualified to further this goal. As an agency whose mission is focused on the development and maintenance of a strong maritime industry for both economic and national security purposes, MARAD has developed close relationships with key players to improve port security. Not only do we believe that MARAD should play a key role in port security initiatives, it

is an area in which MARAD already has been working for well over a decade, both domestically and internationally.

Before I discuss in more detail some of the ways in which MARAD has and will continue to promote seaport security, I would like to outline briefly some of the reasons why seaport security has become a Government priority.

THE NEED FOR HEIGHTENED PORT SECURITY

In April of 1999 President Clinton signed an Executive Memorandum establishing an Interagency Commission (The Commission) on Crime and Security in U.S. Seaports. The President called for a comprehensive review of seaport crime, the state of seaport security and the ways in which Government is responding to the problem. This critical first step created the vehicle for the Commission to sound a warning that security in and around our port areas needs improvement. Shortcomings in port security not only cost our country valuable time and resources but also have the potential to impact military readiness. The Commission, which I was honored to co-chair, recently submitted its nearly 250 page report to the President. The report specifically identifies threats to seaports and recommends a number of measures intended to reduce the vulnerability of maritime commerce, national security and the infrastructure that supports them. We at MARAD applaud the President's initiative in this area and are grateful to Senator Hollings and the co-sponsors of S. 2965 for making security at our ports a priority.

Many factors have contributed to the need for increased port security. As the Commission pointed out in its report to the President, thefts of high technology cargoes alone, from U.S. manufacturers and their customers, may exceed \$5 billion annually in direct and indirect costs. The cost of cargo theft is not limited to the manufacturer's expenses to produce a certain product. Among other things, theft costs include lost productivity, lost time and resources spent with police, attorneys, and claims adjusters. Theft also results in increased insurance premiums, greater liability exposure, lost trade, erosion of goodwill and damaged reputation. Nevertheless, in the end, the price of all these individualized costs is borne by you and me, as taxpayers and consumers. Literally, billions of dollars per year are stolen from us at the hands of thieves in and around our port areas.

Immigration crimes including alien smuggling and stowaways are another major seaport security challenge. Stowaways, in particular, are a significant concern for many U.S. ports. Vessels arriving in the U.S. from third world countries frequently carry stowaways hiding on the ship or in empty containers. Ship's crews spend precious time inspecting the ship and empty containers prior to departure seeking to ensure that stowaways are not aboard. These same crewmembers also jeopardize their safety by confronting determined stowaways desperate to seek a better life. Once at the port of arrival, the discovery of stowaways aboard a vessel immediately results in a disruption of service and can cost the vessel operator hundreds of thousands of dollars. Vessel operators are responsible not only for the complete costs of repatriating the stowaways but are generally subject to fines for violating immigration laws. A century ago, stowaways were probably considered no more than a minor inconvenience. Today, the financial costs to steamship companies in a highly competitive global market can be very significant. The problems created by stowaways domestically also point directly to the shortcomings of port security abroad.

International seaport cooperation and recognition of the problem is essential to its eradication. Strict control of access to port areas, containers and ships is critical. Without international cooperation, immigration crimes will continue to plague our ports.

According to the Commission's report, drug smuggling was the most prevalent and most reported crime affecting seaport security. Both passenger and cargo ships arriving at U.S. ports offer smugglers the opportunity to transport vast quantities of contraband. While it is obvious from the number of seizures made by law enforcement agencies that the efforts against illegal drug trafficking continue, it is the economic not the social impact that is the primary concern for the transportation industry. Inspections of arriving ships and cargo must be sufficiently effective to deter smugglers, yet not so intrusive as to impact significantly the smooth flow of cargo to and from port areas. In an era where "just-in-time" logistics allows companies to maintain their competitive edge, undue delays to prevent the importation of contraband can upset entire supply chains with a ripple effect of negative consequences across the globe.

The Commission's report also discusses terrorism as a concern for seaport security. While known incidents of terrorist activity at U.S. seaports remain undocumented, it is the threat of such activity and the vulnerability of seaports that are the reasons for concern. Addressing port vulnerabilities is key to ensuring that our ports are not targeted for terrorist and criminal activities. Moreover, most of the serious crimes that take place in our seaports are in fact violations of Federal law. For this reason, it makes good sense for the Federal Government to work with the ports to explore ways to minimize criminal activity.

MARAD'S ROLE IN CONTRIBUTING TO PORT SECURITY

Mr. Chairman, the Maritime Administration does not need to be convinced that port security is a good idea. Many of us have observed firsthand the repercussions of security lapses. Nevertheless, achieving appropriate levels of security in our seaports and seeking to educate our international partners as to the need and benefits of seaport security is no small undertaking. Since the advent of containerization and with the advancement of technology, modern seaports often consist of hundreds of acres of stacked containers, some empty, some loaded, awaiting shipment. As one wanders through these areas one cannot help but be struck by the fact that because of technology, fewer and fewer people are required to move massive quantities of cargo. In some ways, our reliance on technology has exposed us to unforeseen vulnerabilities. Where port workers no longer patrol, security risks abound. As noted in both the seaport Commission's report and in S. 2965, port security infrastructure improvement is a critical aspect of modern port security needs. The Maritime Administration has long recognized the need for more secure port infrastructures both at home and abroad. We are pleased to support potential progress in this area.

MARAD has a long history of port security outreach. In early 1990, MARAD conducted sessions on maritime terrorism and drug interdiction in the Ports of New York, Los Angeles/Long Beach, New Orleans, and Philadelphia. MARAD was also instrumental in developing a maritime and terrorism course for the Federal Law Enforcement Training Center. Over the last five years, MARAD has conducted training sessions for Gulf Coast port authorities on bomb threats to determine best practices and capabilities of various government agencies and bomb squads. Over

100 port personnel have been trained in this effort. MARAD has also played a lead role in developing two DOT security guides. These include *Port Security: A National Planning Guide* and *Port Security: Security Force Management*. These guides provide local governments and the commercial maritime industry with a common basis upon which to establish port security standards and the outcomes expected from meeting those standards. In this regard, MARAD is well equipped to help carry out specific objectives of the seaport Commission's report and S. 2965 by, among other things, working with industry and the ports to develop and implement meaningful voluntary guidelines on port security. MARAD is confident that partnering with industry, working together on a voluntary basis is the key to meaningful progress. Mandating security with tight regulatory controls is likely to have a negative impact not only on Government's relationship with the ports but on port efficiency as well. For these reasons MARAD supports those aspects of S. 2965 that will foster the type of Government-industry cooperation so necessary to our common goal.

Secretary Slater's Marine Transportation System (MTS) initiative has been an excellent example of how Government and the maritime industry can work together to find solutions to a wide range of maritime issues. MARAD is optimistic that seaport security can be best achieved through partnering and cooperation without hindering the flow of commercial or military cargoes.

MARAD recognizes that the movement of military cargoes through our commercial ports has and will continue to be standard practice. Because of our dual mission, MARAD works closely with both the maritime industry and the Department of Defense (DOD). As the seaport Commission's report noted, forward deployment of U.S. troops and equipment overseas in this post Cold War era is declining. Ongoing base closure and realignment initiatives have resulted in the closure of

several military owned and operated ports. As a result, U.S. commercial ports have become critical centers for military mobilizations. The security of commercial ports during times of military mobilization is therefore critical to national defense. In developing port security standards MARAD has and will continue to work to bridge the gap between military requirements and industry concerns. A National Port Readiness Network was established by a memorandum of understanding between MARAD and various DOD Commands to ensure, in part, the readiness of commercial seaports in the event of a mobilization. MARAD, as the chair of the National Port Readiness Network (NPRN), can lead the effort to strengthen the NPRN in planning and coordination for military mobilization security at each of 13 commercial ports around the country designated as Strategic Ports.

On an international basis, MARAD serves as Chair and Secretariat of the Technical Advisory Group (TAG) on Port Security of the Organization of American States (OAS) Inter-American Committee on Ports. The purpose of the port security TAG is to develop solutions and coordinate multilateral approaches to improving port security in the Western Hemisphere. The TAG has among its agenda: (1) developing a hemispheric approach to improving the security of the Inter-American maritime trade corridors; (2) developing a common port security strategy; (3) devising basic guidelines and minimum standards of security for ports of member countries of the OAS; and (4) organizing and conducting annual courses planned under the Inter-American Port Security Training Program, which are managed by MARAD.

MARAD has had an on-going port security program with the Organization of American States (OAS) since the 1980s, including port security outreach. Since 1995, MARAD has been

conducting port security training courses in the Western Hemisphere. Nearly 300 commercial port authority police and security personnel from the 34 member countries of the OAS have been trained.

MARAD also recently participated in the planning and execution of a project to conduct port security assessments of Peruvian ports and produce a report useful to the Government of Peru. The Peruvian Government had requested the assistance through the U.S. Embassy-Lima, pertaining to Peru's interest in a national port security strategy. The embassy, Narcotics Affairs Section, led the project and tasked the U.S. Southern Command to organize a U.S. interagency team to execute the project requirements. The team consisted of representatives from MARAD, the Customs Service, Coast Guard, Drug Enforcement Administration, and the Port of Los Angeles Police Department. MARAD produced a project report and other written documentation for use by the Peruvian Government to bolster their port security needs.

MARAD has continually engaged in outreach to foreign countries and their port authorities to enhance the efficiencies of global commerce, which in turn benefit our own maritime industry. By its very nature, trade is an international business in which U.S. companies rely upon the security and efficiencies of foreign ports. As another example of our outreach efforts, MARAD and the Port Authority of Argentina signed a bilateral document on June 24, 1999. This document considers the critical importance of port security to commercial maritime trade and affirms the need to develop channels of communication and exchange information and experience in port security. Further, it declares the mutual intention of the two government agencies to: (1) promote improved security of seaports and waterways, (2) exchange information in matters related to crime and

security in seaports and waterways, and (3) develop and coordinate training programs for personnel responsible for seaport operations and security. This bilateral declaration began in multilateral sessions through the OAS Inter-American Committee on Ports.

Finally, since 1995 MARAD has produced and published a report entitled the, "*Maritime Security Report*". The report is an unclassified periodic publication prepared to inform the commercial maritime industry and senior Maritime Administration officials of international criminal activity and security issues which could pose a threat to U.S. commercial maritime interests and the movement of civilian cargoes in foreign trade. The *Maritime Security Report* is intended to increase awareness of the scope and severity of economic crime affecting U.S. maritime commerce. MARAD expects increased awareness to contribute toward deterring criminal exploitation of the maritime transportation system and improving port and cargo security in international trade corridors.

Mr. Chairman, MARAD is no stranger to the importance of port security. We have recognized it as a critical component of our maritime industry and our national security for many years. We heartily support the recommendations of the Port Security Commission. Many provisions of S. 2965 are consistent with the recommendations in the Commission's report, and we would support their enactment. At the same time, we cannot at this time recommend congressional enactment of provisions not included in the report -- they will require additional study and consideration by the Department. We appreciate your willingness to consider our views on this topic.

I would be happy to answer any questions you or the other Committee members may have.